

NEW SOUTH WALES.

BUSINESS STATISTICS - MONTHLY DIGEST.

6th February, 1941.

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## NEW SOUTH WALES (AUSTRALIA).

## MONTHLY DIGEST OF BUSINESS STATISTICS.

FEBRUARY, 1941.

GENERAL. Economic activity in New South Wales is greater than ever before and increasing. It is in the development of war industries and of the expanding war and defence programme that this progress has its mainspring. High general confidence, the increased export income of the war period, and the strength of the broad economic background have also important parts.

Money is plentiful and cheap (for essential purposes). Resources are being conserved for war needs by exchange, investment, import and building control. The post depression expansion of industrial capacity (particularly in iron and steel) paved the way for development of armament, munitions, etc. factories. Public sentiment is enthusiastically behind the war effort and the heavier tax burden has been accepted generally as a necessary sacrifice. Although labour disputes have arisen, these have mostly been overcome without serious interruption to war production.

New import restrictions operating from Jan. 1, 1941 applying to non-sterling imports into Australia of a value of about £A.1 $\frac{1}{4}$  million, bring the total affected by war-time regulations to about £A.12 m. Further restrictions, including curtailment of unessential "sterling" imports are in prospect. Australia's representative to the Empire Eastern Group Supply Council at Delhi has been appointed. This organisation is likely to influence Australian economic development very materially both during the war and after. Since the conference, orders (already largely filled) have been placed for Australian products (including trainer aircraft) of a value of £2 million for the fighting forces in India, Burma and East Africa.

Plans are well in hand to meet the situation which may arise owing to diversion of shipping from the Australian service for use elsewhere. These include arrangements to build additional cold stores in Australia (so placed as to serve the strategy of home defence) and to take over from producers the responsibility of marketing (thereby enabling primary production to be maintained). The rural outlook has been completely changed by drought-breaking rains in Dec., 1940 and Jan., 1941.

EMPLOYMENT. There is no more comprehensive indicator of economic trends than that supplied by particulars of employment. In New South Wales the number of persons employed in December, 1940 (907,311) was a record and 31,845 greater than in Dec., 1939. Most of the increase is in private employment. The war has necessitated some increase of State and Commonwealth employees, but local government employees have decreased in number in each year since 1937:-

## INCREASE IN PERSONS IN EMPLOYMENT IN NEW SOUTH WALES.

	Private Empl'mt.	Government Empl'mt.	Local Gov't. Empl'mt.	In All Empl'mt.	In All Factories.
Dec. 1936 to 1937	49,485	8,300	5,906	63,691	19,100
" 1937 " 1938	9,766	3,000	- 3,065	9,701	2,000
" 1938 " 1939	14,755	3,500	- 2,483	15,772	10,300
" 1939 " 1940	25,418	7,570	- 1,143	31,845	18,600

Adult males registered as unemployed decreased in number from 45,461 in Dec., 1939 to 28,741 at the end of Dec., 1940. Unemployment is no longer a major problem; the task now is to draw from and fit persons in the hitherto non-wage-earning classes for the needs of war industries. The following table illustrates trends in employment over the past four years; the outstanding feature is the expansion of employment in factories:-

/TABLE.....

## EMPLOYMENT IN NEW SOUTH WALES.

(Excluding Relief workers and Men in the Armed Forces not on Civil Paysheets.)

	All Employment.			With Employers with 10 or more Employees.						
	Total Emp- loy- ment.	Private Emp- loy- ment.	All Fac- tor- ies.	Mines	Retail Trade	Whole- sale Trade.	Offices & Com- merce.	Ship'g & Road Trans- port.	Person- al Ser- vices ø	Other Indus- tries.
	000	000	000	000	000	000	000	000	000	000
Dec., 1936	800.4	652.9	209.0	18.7	54.5	24.3	25.6	19.9	27.1	19.0
" 1938	859.7	708.9	230.1	21.7	58.7	26.3	27.6	22.4	29.2	20.6
" 1939(a)	875.5	723.7	240.4	21.4	59.0	26.5	29.4	20.9	29.8	19.2
" 1940(b)	907.3	749.1	259.0	21.3	60.4	26.3	29.7	22.0	31.0	18.4
Increase, (b) over (a)	3.6%	3.5%	7.7%	-0.5%	2.4%	-0.8%	1.0%	5.3%	4.0%	-4.2%

ø Professions, Hospitals, Hotels, Amusements, etc.

SECONDARY  
INDUSTRIES.

In December, 1940 there were more factory workers than ever before; the number (259,000) was 43 per cent. above the average in 1928-29 (peak pre-depression year). Some very large factories to produce war goods are yet to come into production and thus factory employment is likely to increase further.

## PERSONS EMPLOYED IN FACTORIES IN N.S.W. - Thousands.

	July.	Aug.	Sept.	Oct.	Nov.	Dec.
1939	224.6	224.7	227.4	236.6	236.7	240.4
1940	239.9	243.9	246.2	249.6	252.5	259.0

Expansion has been very marked in the industrial metals, chemicals, textiles and food factories, all of which are producing war supplies. In 42 large factories sales of products in Jan.-Nov., (£38.95 m.) were 9 per cent. greater in 1940 than in 1939. These are a broad sample and the increase in sales is due in some measure to greater production of domestic to replace hitherto imported goods. Particulars of persons employed in factories with ten or more employees show increases in employees of 27 per cent. in the industrial metals, 24 per cent. in the chemicals, etc. and 13 per cent. in the textiles and clothing groups between Dec., 1938 and Dec., 1940:-

## EMPLOYMENT IN FACTORIES WITH TEN OR MORE EMPLOYEES, N.S.W.

Middle Week of -	Cement, Bricks, Glass &c.	Chemi- cals &c.	Indust- rial Metals.	Textiles & Cloth- ing.	Food and Drink	Wood- work- ing, &c.	Paper and Printing.	Rubber.
Number of persons employed - Thousands.								
Dec., 1938	12.19	7.11	61.04	37.00	28.49	10.28	14.64	3.81
" 1939	12.15	8.41	66.60	39.23	30.14	10.33	15.42	3.84
Sept., 1940	12.39	8.94	71.54	40.82	29.14	10.07	14.42	3.64
Dec., 1940	12.75	8.85	77.52	41.91	32.01	10.20	14.45	3.62
Incr.- Dec., 1939 to '40 %	+ 4.9	+ 5.2	+ 16.4	+ 6.8	+ 6.2	- 1.3	- 6.3	- 5.7

This growth of industrial activity largely accounts for a significant increase in the consumption of gas and electricity in Sydney and suburbs:-

Index No.	Dec.	1929.	1936.	1938.	1939.	1940.
(Av. 1929-31 = 100) Year.	105	105	101	116	131	138
			112	123	131	135

/and for .....



and for a post-depression record in employment in collieries (17,500 men) in December, 1940. The quantity of coal hauled on N.S.W. Government Railways in the half-year ended December was 12 per cent. greater in 1940 than in 1939. A Royal Commission has recommended a scheme of compulsory retirement of coal and shale mine employees at 60 years of age.

#### TRANSPORT- ATION.

The carriage of materials for, and of the products of, war industries and of military, etc. personnel, as well as of greater weights of merchandise and more passengers owing to generally buoyant economic conditions has led to a great improvement in the financial results of State railways and road transport services. The excess of revenue over working expenses in the five months ended November 1940, compared with 1939 was £1,108,000 greater for the railways and £75,000 greater for tramways and omnibuses. Comparative particulars are as follow:-

Five months ended November.

		<u>1937.</u>	<u>1938.</u>	<u>1939.</u>	<u>1940.</u>
<u>Railways.</u>	Passengers (mill.)	77.9	79.5	74.0	78.0
(N.S.W.)	Goods Ton Miles "	750	734	808	1,073
	Working Surplus $\phi$ £000	2,626	1,894	2,745	3,853
<u>Trams &amp; Buses.</u>					
(Sydney & Newcastle)	Passengers (mill.)	147.7	151.6	152.6	163.2
	Working Surplus $\phi$ £000	274	227	254	329

$\phi$  Excess of earnings over working expenses, exclusive of interest, etc., charges.

Petrol rationing has not lowered efficiency of road transportation but new motor vehicle sales have decreased greatly (which means a saving in foreign exchange). An increase in total registrations in each of the last four months of 1940 was partly a seasonal movement, but apparently some motor users found the petrol ration less severe than had been anticipated.

		<u>Dec.,</u> <u>1938.</u>	<u>Aug.,</u> <u>1939.</u>	<u>Dec.,</u> <u>1939.</u>	<u>Aug.,</u> <u>1940.</u>	<u>Oct.,</u> <u>1940.</u>	<u>Nov.,</u> <u>1940.</u>	<u>Dec.,</u> <u>1940.</u>
<u>New Sales.</u>	Cars, Cabs &c.No.	457	322	344	88	128	173	163
<u>Per week.</u>	Lorries & Vans "	163	146	127	53	64	77	69
<u>On Register.</u>	Cars (000)	212	217	216	205	205	206	207
	Lorries & Vans (000)	76	78	78	75	75	75	76
	All Vehicles (000)	323	329	329	312	313	314	316

#### BUILDING INDUSTRY.

Prospects for building appear uncertain but at present the industry is active. Due to a rush for permits before building control (requiring authority for buildings of a value of £5,000 or more) came into operation (on Dec.5, 1940) permits in Nov. and Dec. were abnormal. In December the amounts for flats (£669,000) and for buildings in the city area (£403,000) were roughly four times the average values in preceding months of 1940, but from July to Oct. private building permits were diminishing. Recent trends in building proposals in Sydney and suburbs were:-

	<u>1939</u>	<u>1940</u>				
	<u>Sept.Qr.</u>	<u>Dec.Qr.</u>	<u>Mar.Qr.</u>	<u>June Qr.</u>	<u>Sept.Qr.</u>	<u>Dec. Qr.</u>
Private Buildings (£000)	3,531	2,603	2,324	2,979	2,844	2,571
Public " (£000)	487	248	73	245	318	258

Private building permits in the city area totalled less in 1940 than in any year since 1934. A high level of house building and of factory construction was maintained, but amounts for shops and "other buildings" decreased. Despite the abnormal spurt in Nov. and Dec. the number of dwellings proposed in 1940 (9,558) was 2.7 per cent. less than in 1939 and 20 per cent. less than in 1938.

/Particulars.....



Particulars for each of the last four calendar years compare as under:-

VALUE OF BUILDING PERMITS GRANTED - SYDNEY AND SUBURBS. (£000)

Year.	Houses.		Flats etc.	Hotels etc.	Shops	Factories etc.	Other Buildings	Total
	Brick.	Wood &c.						
1937	3,745	559	2,256	329	744	1,372	2,255	11,260
1938	4,902	898	3,400	346	580	985	2,431	14,042
1939	4,477	918	2,782	530	516	1,330	1,666	12,219
1940	4,699	883	2,683	608	373	1,175	1,297	11,718
Movement: 1939-40 %	+ 4.9	- 3.8	- 3.6	+ 14.7	- 27.7	- 11.7	- 22.1	- 4.1

**FINANCE.** Deposits in private trading banks in N.S.W. have risen to a record level, advances have been decreasing, and Australian banks experienced a remarkable gain in liquidity during 1940. In Dec. 1940 the ratio of advances to deposits was (for Australia) 77.29 per cent. compared with 85.65 per cent. in Dec., 1939 and of cash and Treasury bills to deposits 23.39 and 20.21 per cent., respectively. War spending, increased export income and credit expansion (initially for war finance and later for advances to wheat, etc. producers) were leading factors in building up this strong credit situation. In New South Wales, between Dec. Qrs., 1939 and 1940 an excess of advances of £2.1 m. was transformed into an excess of deposits over advances of £18.2 m., deposits increasing by £13 m. and advances showing a reduction of £7.3 m.

Small savings also accumulated remarkably; beside a record increase in the half year ended December, 1940 of £2.77 m. in savings bank deposits in N.S.W., war savings certificates were purchased for about £2.8 m.

Private Business in Private Trading Banks, N.S.W.

Savings Banks N.S.W.

	Fixed Deposits	Current Deposits	Total Deposits	Advances	Excess of Deposits over Advances.	Deposits.
	£m.	£m.	£m.	£m.	£m.	£m.
Dec. Qr. 1938	63.9	49.4	113.3	121.4	(-) 8.1	Dec. 1938 86.6
" " 1939	65.0	55.6	120.6	122.7	(-) 2.1	1939 86.6
Sept. " 1940	65.0	62.3	127.3	119.2	8.1	June 1940 82.1
Dec. " 1940	65.9	67.7	133.6	115.4	18.2	Dec. 1940 84.9

Interest rates have shown a downward tendency. The average yield on Government bonds of five or more years maturity is the lowest for very many years at about £3.1s.10d. per cent. compared with £4.1s.3d. per cent. in Sept., 1939 and £3.4s.1d. in December, 1940. Rates of interest on private first mortgages in Dec. Qr., 1940 in comparison with Dec. Qr., 1939 were 0.5 per cent. lower on rural mortgages and 0.3 per cent. lower on urban mortgages, at 5 and 5½ per cent. respectively. But though money is cheap, and likely to remain so in view of official control and the strong banking position, it is not freely available for other than essential purposes. The financial background has become very favourable for success of the big loan operations in prospect to finance Australia's war effort.

Throughout January, 1941 prices of ordinary company shares tended gradually firmer and at the close of the month average values were over 3 per cent. higher than before the Christmas recess and as high as at any time since the fall of France in June, 1940. Index numbers (par = 100) of average value of ordinary shares on the Sydney Stock Exchange moved as under:-

	June, 1940.	Sept., 1940.	Oct., 1940.	Nov. 1940.	Dec., 1940.	Jan., 1941.
Index No.	151	162	168	173	172	(174?)

PUBLIC  
FINANCE.

The budgetary position in New South Wales (in common with other States) has improved greatly because of the betterment of economic conditions generally and the very favourable results of the railways in particular:-

New South Wales Government

Half year ended December.

	<u>1936.</u>	<u>1937.</u>	<u>1938.</u>	<u>1939.</u>	<u>1940.</u>
Revenue (£ million)	24.14	25.57	25.14	25.60	29.77
Expenditure (£ million)	26.10	28.26	30.23	32.28	32.99

COMMERCE  
AND TRADE.

Exceeding £100 m. for the month for the first time, inter-bank clearing in Sydney in December, 1940 were 9 per cent. greater in amount than in Dec., 1939. Total clearings in 1940 were 15 per cent. greater than in 1939. The index numbers (average 1926-30 = 100) in Dec. 1940 were 8½ and 13 per cent., respectively higher than in the preceding last quarter and year. Higher prices account for some of the increase but it was mainly a reflection of more active conditions of trade and industry. Real estate transactions increased a little in the latter half of 1940 but for the year fell 17 per cent. below the total in 1938. Other than for employment no particulars of wholesale trade in November or December are yet available. Increases in the sales tax, the widening of its incidence, and introduction of discriminatory rates are bound to affect trade in comparison with earlier months. Retail trade returns in Sydney show increases compared with a year ago. Employment in shops has increased in the city but has declined a little in country towns. Particulars of State over-sea trade are not available. Commonwealth external trade shows the maintenance of exports at a high level. Probably as the effect of import restrictions and voluntary rationing of newsprint, silk, etc., imports were at a lower level in July-Dec. 1940 than in the first year of the war. On present indications export income in 1940-41 will be much the same as in 1939-40.

Bank Clearings (Sydney)				Wholesale Trade (N.S.W.)	Retail Trade.		Real Estate N.S.W.	
Amount.	Index No.		Employees ø December.	Sales (Sydney) Sept.-Nov.	Employees ø (N.S.W.) December.	Sales.	Mortgages.	
Cal.year.	Dec.Qr.	Cal.Yr.				Calendar Year.		
£ mill.	1926-30 = 100		Number	Index No. 1931 = 100	Number	£million.	£million	
937	101	101	25,355	148	57,364	37.35	23.81	
942	103	101	26,340	155	58,716	37.42	26.97	
932	106	100	26,468	168	58,967	32.16	22.44	
1,075	115	113	26,326	177	60,357	31.05	16.50	

ø In firms with 10 or more employees.

Taking into account the movement in prices it is clear that consumers have not increased demands materially. Prices have been controlled, no important shortages have yet appeared and inflationary tendencies are slight. Trade in unessential commodities is likely to soon show effects of import restrictions and investment control. It is possible that increased taxation and small savings may roughly counterbalance higher incomes of wage-earners insofar as consumer purchasing power is concerned.

RURAL INDUSTRIES. Copious rainfall in December and January completely changed the outlook for rural production. Practically all over the State January rains were greatly above average. Pastures have been restored, stock prices have risen, dairy production is expanding, and late maize and potato prospects are greatly improved.

Plans to afford relief to wheatgrowers who harvested no crops or very poor ones in 1940-41 include distribution of £1 million in Australia (£320,000 in N.S.W.) granted by the Commonwealth Government. Growers whose harvest did not reach a yield per acre to be determined will be paid on an acreage basis, with payments adjusted to a sliding scale related to the yield obtained. The official estimate of the N.S.W. harvest of 1940-41 is 24½ million bushels, compared with the

/earlier.....



earlier forecast of 28 m. bus. This is the poorest harvest for more than 20 years.

Wheat Production	Av.1929-30	1938-39.	1939-40.	1940-41 (Prel.)
N.S.W. Mill. bus.	to 1938-39.			
	55.9	59.9	76.5	24.5

In the wool trade it is expected that the wool clip of 1940-41 in New South Wales will be barely 5 per cent. smaller than the record clip (546.3 m.lb.) of 1939-40. Advent of relief rains in the early summer will, it is believed, result in production of another heavy clip in 1941-42.

The production of butter in N.S.W. factories is now expanding rapidly but up to November the season had been the poorest for several years:-

	Five Months, July to November.				
	Av.1931-35.	1937.	1938.	1939.	1940.
Production of Butter					
in N.S.W. Factories Mill. lb.	44.01	38.69	39.67	43.90	32.70



THE WORLD WHEAT SITUATION.

The world statistical position of wheat is very weak and unlikely to change till 1941-42 harvests take shape. Production in 1940-41 was apparently about 5 per cent. less than in 1939-40. Steps taken in big exporting countries to control production offer some hope of effective post-war international co-operation in meeting the problem of over-supply which now is aggravated by reduced international trade in wheat and efforts to expand production in many importing countries. Prices have eased a little in North America. Because the 1940-41 harvest was very poor Australian exports this season will be small. Locally prices are firm. Some orders for flour for export have been secured and flour mills are fully employed.

GENERAL. In its main characteristics the world wheat situation will be subject to little or no change until the crops to be harvested in the Northern Hemisphere in 1941 reach an advanced stage. As indicated in earlier notes, wheat supplies are of record proportions; trade outlets are circumscribed, and prices are being kept up only because of arbitrary official action. World end-of-season exportable stocks of wheat (excluding reserve stocks in importing countries) will be roughly 1,100 million bushels on July 31, 1941; the decrease from 609 m.bus. in 1934 to 192 m. bus. in 1938 (in years of relatively low production) having been greatly outbalanced by increases of about 328 m.bus. in 1938-39, 270 m.bus. in 1939-40 and 300 m. bus. in 1940-41 (due to very large crops in 1938-39 and 1939-40 and reduced consumption.)

WORLD WHEAT STATISTICAL POSITION.

	Seasons ended 31st July.				
	1934	1938	1939	1940	1941 <sup>ø</sup>
	millions of bushels.				
World Harvest (Ex Russia & China)	3,805	3,818	4,605	4,270	4,035
" Exportable Supplies	1,237	714	1,138	1,324	1,500
" Net Imports	629	524	618	600?	400
" Exportable Stocks at July 31	609	192	520	790	1,100

<sup>ø</sup> Largely approximations.

WORLD PRODUCTION, 1940-41.

Statistical "black-outs" due to the war make precise estimates of production in 1940-41 impossible for many countries. No revisions of significance were reported recently in the Northern Hemisphere, but estimates for both Argentina and Australia have been reduced. Figures of Australian production are still tentative; the N.S.W. official (prel.) estimate is 24.5 m. bus. (see B.S. 1941/1B, p.3), and the total of estimates for each State as given to date is about 82½ m. bus. compared with the Commonwealth Statistician's estimate of 91½ m.bus. Some estimators think the actual Australian harvest will fall short of 80 m. bus.

Excessive rain before and at harvesting reduced yields in Argentina and the estimate has been reduced by 23 m. bus. to about 270 m. bus.

The following statement gives comparative particulars of production in Continental groups, including details for a number of important wheat-producing countries in 1940-41 mainly as reported (23.12.40) by the Bureau of Statistics, Canada.

## WHEAT-PRODUCTION BY COUNTRIES AND CONTINENT.

	Av. 1929-30 to 1933-34.	Av. 1934-35 to 1938-39.	1938-39	1939-40	1940-41 (Tentative).
	Millions of bushels.				
United States	784	717	932	755	817
Canada	354	263	350	490	551 <sup>0</sup>
Total, North America	1,150	992	1,294	1,259	1,381
United Kingdom	47	64	73	62	64+?
Spain	152	129	71	111	121
Portugal	15	17	16	19	9
Greece	16	28	36	38	34
Italy	258	267	297	294	268
Norway	1	2	3	3	3
Sweden	22	26	30	31	17
Finland	1	6	9	8	6
Bulgaria	52	58	79	71	-
Hungary	79	82	99	113	75
Yugoslavia	35	89	111	106	72
Rumania	108	123	177	164	89
Total, Europe (Ex. Russia).	1,497	1,596	1,852	1,726	1,375
Algeria, Tunisia & Fr.					
Morocco	71	72	72	100	68
Union of South Africa	11	16	17	15	17
Total, Africa	128	134	137	165	139
Manchukuo	50	32	33	34	31
Japan	34	47	45	61	66
Chosen	9	10	10	13	13
India	350	366	402	402	403
Turkey	93	124	156	169	170
Total, Asia (Ex. Russia & China).	554	603	729	727	723
Argentina	228	230	367	119	270 <sup>0</sup>
Total, South America	278	287	432	175	327
Australia	184	154	155	210	82 <sup>0</sup>
Total, Australasia	193	162	161	218	90
Estimated World Total (Ex. Russia & China)	3,800	3,774	4,605	4,270	4,035

0

As revised.

THE WHEAT  
PROBLEM

The foregoing table reveals a general tendency toward increased production of wheat which has been most emphasised in European and other importing countries in recent years. This has been achieved partly by increased wheat acreage and in an important degree by improved farming practice - better cultivation, better seed and more scientific manuring. It seems certain that the resources devoted to wheat growing are in excess of possible world requirements. This constitutes a major world agricultural problem. For the time being an approach to it from the angle of human consumption seems bereft of promise. There remain two other important possibilities; (a) the application of science to possible use of wheat for industrial purposes, and (b) international action directed to bringing the productive resources of wheat growing into line with the world's capacity to consume.

With regard to (a) Mr. Shollenberger of the National Regional Laboratory, Illinois, reporting recently upon research, made the observation that "The general composition of the whole wheat kernel does not differ greatly from that of any other grain, and consequently other grains "(usually more plentiful and cheaper than wheat)" can generally be substituted for wheat in any industrial use.

/Thus....



Thus except in case of inferior quality, low-priced wheats, there appears little possibility of finding commercially practicable new uses for wheat, unless these uses depend on some constituent of property peculiar only to the wheat kernel". Though research goes on, the prospects of industrial science making a major contribution to a solution of the wheat problem appear small indeed.

Operation of the World Wheat Agreement of 1933 demonstrated that without measures to control production, marketing quotas could not function successfully. That agreement broke down because one contracting party (Argentina) was unable to limit exports when wheat stocks rose to unmanageable proportions.

Independently, three of the four great wheat exporting countries appear to be moving toward a policy of production control. The Australian wheat stabilisation scheme was outlined in B.S. No. 1940/12A, p.9.

In Argentina the Grain Board has fixed a minimum price of 9 pesos a quintal for wheat required by Argentine millers for home consumption. Growers accepting the guaranteed price also accept the obligation to reduce their areas as directed by up to 10 per cent. If millers buy from other than the Board a payment of 2½ pesos a quintal must be made to the Government.

It is understood that the United States agricultural programme is to be reviewed and that substitution of a minimum price and a new form of milling or processing tax is likely to be made for the present loan system. The measure of control achieved by the acreage allotment programme seems likely to be extended.

Some months ago it was stated by the Canadian authorities that the Government's policy in regard to wheat was to be reconsidered in the light of "the knowledge that only from 140 to 175 million bushels can find export markets during the year ended July 1942", but no official indication of the nature of possible alterations has yet been given.

Opposed to these measures which afford some promise of emergence of a practical basis for future international co-operation are those taken in the war-racked importing countries to expand wheat production. The "ploughing-up" campaign and subsidisation of wheat growing in Britain, though appropriate to the circumstances, is leading to wheat production from lands better suited (in normal times) to other uses and must create post-war problems of readjustment. Akin to it is the use of price advances in Spain and Italy (again met by public exchequers) to maintain and if possible expand wheat areas. In September, 1940 the authorities in these countries increased the price of wheat to growers by 15 per cent.

Currently, of course, the blockade, rationing and dilution by use of inferior bread grains is complicating the wheat problem on the side of consumption.

#### ASSISTANCE TO AUSTRALIAN WHEATGROWERS.

For drought relief in Australia funds for loans totalling £2.77 m. (£750,000 in N.S.W.) were provided by the Commonwealth (see B.S. 1940/12A, p.7) and £1 m. (£320,000 in N.S.W.) was also made available as a non-repayable grant. In New South Wales this will be

distributed through the Rural Bank. Payments will be made on a per acre basis with a maximum rate for farmers whose wheat crops failed entirely, and a gradually decreasing rate according to yield. Growers with yields of six or more bushels an acre will receive no payment at all.

#### HARVEST PROSPECTS 1941-42.

At this time of the year most of the Northern Hemisphere wheat crops are under a mantle of snow and crops are dormant. Only extreme freezing, flood damage or premature thaws are likely to affect crops adversely and until the spring the extent of winter damage is merely conjectural. Spring wheat areas are not yet ready for working. United States winter wheat is reported to be in generally good condition. The full area planned for Russian winter wheat (90.4 m. ac.) has been sown. Indian crops suffered from dryness, only partly relieved by recent rains. Nearly all Europe experienced severe winter weather, particularly north and central Russia, the Balkan countries, France and Spain, but there was good snow coverage in France. Severe frost damage was reported from eastern Spain; in Castellon 60 per cent. of the crops were stated to have been killed.

Summer rainfall in Argentina and Australia has been bountiful and conditions should be favourable for cultivation of fallows in preparation for crops to be

/sown.....



sown in the autumn and winter.

WORLD TRADE. The United Kingdom offers, by far, the most important market for wheat, but exigencies of shipping in warfare give Canadian grain peculiar advantages there. In the first year of the war (figures are year ended July) Canada exported 425,688 tons of flour to Britain, compared with 206,323 tons in 1937-38 and 243,369 tons in 1938-39. According to press reports Spain is importing Canadian wheat with the concurrence of the British Government. Trade reports indicate that a good deal of United States and Canadian flour has recently been placed in the Orient; at the beginning of the year western Canadian mills were said to be working 24 hours a day on Chinese orders. Australia, also, has experienced demand from Eastern buyers. Eire faces a wheat shortage, has placed some orders in Canada, and has raised the rate of flour extraction to 80 per cent.

World wheat shipments continue to fall greatly below those of a year ago. Details of Australian exports are not released. Broomhall took these as averaging about 800,000 bushels a week in December, 1940 and they are certainly abnormally small. This season North American shipments constitute a far larger part of the world total than in 1939-40. Figures as given by Broomhall are:-

#### World Shipments of Wheat and Flour.

Aug. 4 to Dec. 14	<u>North America</u>	<u>Argen- tina.</u>	<u>Aust- ralia</u>	<u>Russia</u>	<u>Danube</u>	<u>Other</u>	<u>Total</u>
		Millions		of	Bushels.		
1939	74.4	68.3	22.7	.9	23.8	2.5	192.6
1940	59.0	32.6	Ø	2.1	1.5	.8	96.0 +

Ø Not available.

+ Excluding Australia.

PRICES. The tendency for North American wheat futures quotations to ease late in 1940 continued in January and became more pronounced toward the close of the month. This movement was attributed to the unexpectedly high estimate in Argentina and the good condition report on United States winter wheat. On Feb. 4, 1941 May options were at 82 cents a bushel in Chicago and 77 cents a bushel in Winnipeg compared with 97 and 85 cents a bushel, respectively at the corresponding date of 1940. The amount of wheat sealed under Government loan is a factor of strength in the cash market in the United States; May options are 5 cents a bus. above July options, whereas a year ago the difference was about  $2\frac{1}{2}$  cents.

On the London Baltic Exchange wheat prices have been very steady for several months; they are primarily related to the cost to the British Ministry of Supply of landing wheat in Britain. During January, 1941 there was a fall of 1s. a quarter for Australian and a small advance in Argentine but there is still a disparity of 6s. 6d. a quarter in the prices of Australian over Argentine wheat.

#### Prices of Wheat Parcels - London Baltic Exchange.

	<u>Nov., 1939</u>	<u>Jan., 1940</u>	<u>Oct., 1940</u>	<u>Nov., 1940</u>	<u>Dec., 1940</u>	<u>Jan., 1941</u>
	(End of month -			Price per quarter (8 bus.)).		
Western Australia	20/-	26/-	25/6	25/6	28/-	27/-
Manitoba No. 1	27/-	29/3	32/9	33/3	33/1 $\frac{1}{2}$	33/1 $\frac{1}{2}$
Rosafe (Argentine)	20/9	25/4 $\frac{1}{2}$	19/-	19/6	20/1 $\frac{1}{2}$	20/6

LOCAL SITUATION The Australian Wheat Board disclosed that of 195.75 m. bus. of 1939-40 wheat delivered to the Board, only 25.2 m. bus. were unsold at Dec. 31, 1940. Of the wheat sold there remained 35.5 m. bus. to be shipped, of which 20 m. bus. were to be stored in Australia for the British Government for some months, although payment for it was made on Jan. 15, 1941. Advances etc. had totalled £36,815,000; £23,977,000 had been received from proceeds of sales and of the flour tax, and the Board's overdraft was £12,838,000.

It appears that the carry-over from 1939-40, and the new crop of 1940-41 will provide about 80 million bushels for sale in 1940-41. About 64 $\frac{1}{2}$  m.b. will be reserved for local and export flour and less than 20 m. bus. will remain for

/export.....

export as wheat. There is no wheat available for export from New South Wales or Victoria.

The f.a.q. standard for N.S.W. 1940-41 wheat was fixed at  $62\frac{3}{4}$  lb. to a bushel and is the lowest f.a.q. weight for several years. It was  $63\frac{1}{4}$  lb. in 1939-40 and  $63\frac{1}{2}$  lb. in 1938-39.

Under the licensing provisions of the stabilisation scheme all wheat-growers were obliged to register by Jan. 25, 1941. It has been stated officially that for the 1941-42 harvest, wheat-growers may sow an area equal to the average acreage sown with wheat for grain in the last four seasons.

LOCAL TRADE. The local wheat market has been steady, with occasional briskness due to good demand for wheat for export flour. New season's wheat is generally not available, except in country trade. For wheat for export flour orders prices are "up to  $9\frac{3}{4}$ d. per bushel more than the local price, according to destination". The Board's price for bagged wheat for produce trade was increased by  $2\frac{1}{2}$ d. a bushel on Jan. 25, 1941 owing to a temporary shortage of bagged wheat. Prices for wheat for local flour were unchanged during January (and to date) at 4s.  $0\frac{5}{8}$ d. for bagged wheat and 3s.  $11\frac{1}{4}$ d. for bulk wheat, per bushel, f.o.r., Sydney. The quotation for bulk wheat compares with 3s.  $9\frac{1}{2}$ d. a bus. a year ago and is about 1s. 6d. a bus. higher than in February, 1939.

#### PRICES OF BULK WHEAT - SYDNEY.

Monthly Averages - Per bushel, ex Trucks, Sydney. Ø

Excluding bounty and including storage charges when payable.

Season ended November	Average for Season	Dec.	Jan.	Aug.	Sept.	Oct.	Nov.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1934	2 9	2 7	2 10	3 3	3 0	2 8	2 6
1937	5 3	5 4	5 2	5 $3\frac{1}{2}$	5 3	5 $3\frac{1}{2}$	4 7
1938	4 0	4 6	4 6	3 $2\frac{1}{2}$	2 $10\frac{1}{2}$	2 $9\frac{1}{2}$	2 7
1939	2 5	2 6	2 6	2 3	2 9	2 8	2 $9\frac{1}{2}$
1940	3 4 <sup>+</sup>	3 5	3 $9\frac{1}{2}$	3 $11\frac{1}{4}$	3 $11\frac{1}{4}$	3 $11\frac{1}{4}$	3 $11\frac{1}{4}$
1941	...	3 $11\frac{1}{4}$	3 $11\frac{1}{4}$				

Ø Shippers offers, ex trucks, Sydney; Australian Wheat Board's price for wheat for local flour and small export orders from December, 1939.

+ Approximate price received by growers at Sydney parity.

Wheat growers received about 2s. 10d. (net) a bushel for silo wheat delivered to No. 2 (1939-40) Pool. The initial advance on silo wheat in the No. 4 (1940-41) Pool is equivalent to about 2s. 5d. (net) at country sidings.

FLOUR. Particulars of flour exports from New South Wales are not published. It is reported that New South Wales flour mills are working to capacity fulfilling flour orders (export and local) on hand.

The price of flour in local trade has been unchanged at £12.13s. a ton since Nov. 14, 1940.



